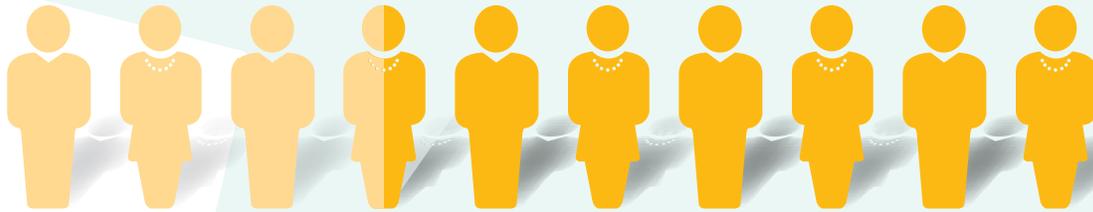


horizons



What Does it Take to Retire?

65% of CalPERS service retirees receive less than \$3,000 a month.¹

Experts suggest that you'll need 75 percent of your pre-retirement income to maintain your lifestyle in retirement. Could you live on three-fourths of what you earn today?²

Many State workers ask themselves, "Can I afford to save for retirement?" Sergeant Matt Wells of the California Highway Patrol found an answer to that question when he was just starting his career:

"When I was 23, and I started saving, putting five percent away, I didn't notice the difference. It was a new job for me; a new career so I think that benefited me because I never really saw that money coming out."

Another important question to ask is, "How can I afford to save more for retirement?" Jayne Nielsen, Research Analyst, Child Welfare Services/Case Management System, answered that question for herself early in her career of three decades:

"I was in my twenties when I first started...my Savings Plus account, I didn't realize how much of an impact that was going to have today, 30 years later. I was able to increase my contributions every year. And for me, increasing, putting more away, not only helped me in my future, but it also reduces my taxable income."

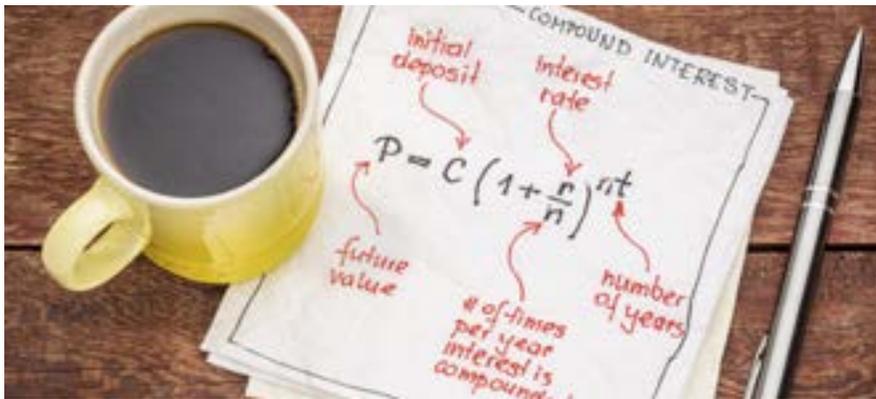
Why the need to ask these important questions? Inflation tends to reduce the value of a dollar over time. Let's say you need a monthly retirement income of \$3,000 and you plan to enjoy a retirement of 30 years. With an average annualized inflation rate of 3 percent, in 30 years you'll need a monthly retirement income of about \$7,300 just to stay even.³ The Cost-of-Living Adjustment (COLA) is a benefit to ensure the value of your money at retirement keeps up with the rate of inflation. This benefit is only for your pension and does not impact your Savings Plus account. Typically, this benefit begins the second calendar year of retirement, but is not guaranteed. Are you planning a retirement budget that's always trying to catch up with inflation?

To help you answer these questions for yourself, we've highlighted several strategies throughout this newsletter.

¹ Source: CalPERS Facts at a Glance for the fiscal year 2015-16

² Source: Forbes, 2016. How Much Do You Really Need To Save For Retirement?

³ Source : Calculations via Inflation Calculator, SmartAsset.com.



Another way Savings Plus makes it easier for you.

New contribution options available!

The new Percentage of Pay feature allows you to specify a percentage of your gross salary to be contributed to your 401(k) and/or 457(b) account. When requesting a percentage, keep in mind the minimum contribution amount must be at least equal to \$25 and the maximum is the IRS annual contribution limits referenced on the following page. As a reminder, when contributing a percentage of your pay you must consider that mandatory deductions are taken out prior to your Savings Plus deduction.

To convert:

- Log in to your account at savingsplusnow.com
- Access the Contributions tab
- Select Contribution Information, Change Contribution
- Follow the easy steps, as directed

To find answers to your questions, view the Percentage of Pay FAQ document by clicking on the “New Contribution and Increase Options” Banner on savingsplusnow.com.

Investing through Savings Plus puts compounding to work.

Jayne was able to make a big difference for her retirement account over the long term. She did it by making regular contributions, increasing her contribution amount each year, and used automatic reinvesting of her earnings over time to her advantage. This process is called **compounding** — continually reinvesting gains within your portfolio gives more purchasing power over time.

The key is time. The sooner you start contributing to your Savings Plus account, the more time your contributions and any reinvested earnings have to help potentially grow and build longer-term momentum.

Increasing your contribution amount regularly — for example, every year — gives your Savings Plus account even more potential to grow over the long term.

Two ways to take better advantage of compounding are:

- Sign up for Auto Increase
- Change your contribution method to Percentage of Pay so your contribution grows with your salary

You can quickly do both in just a couple steps, online at savingsplusnow.com.

Investing involves market risk, including possible loss of principal. No investment strategy — including asset allocation, diversification, dollar-cost averaging and compounding — can guarantee a profit or avoid loss. Actual results will vary depending on your investment and market experience.



This illustration is a hypothetical example that reflects allowable contributions over a 30-year period and assumes 12 pay periods per year. The nominal annual rate of return is 7%, compounded monthly. Investment returns are not guaranteed and will vary depending on investments and market experience. If fees, taxes and expenses were reflected, the hypothetical returns would be less.

Let Savings Plus make annual increases automatic.

Our Auto Increase feature lets you increase contributions to your Savings Plus account little by little, each year — automatically.

As this chart shows, Auto Increase can have a significant impact on your retirement savings over the course of your career. Even a \$50 increase each year can make a big difference.

Sign up for Auto Increase today.

- Log in to your account at savingsplusnow.com
- Access the Contributions tab
- Select the date you want to increase your contribution
- Input the dollar or percentage amount of your increase. The method (dollar or percentage) must match your regular contribution method (dollar or percentage).



The big question: How's my retirement readiness?

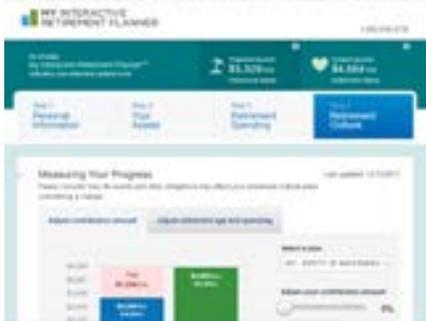
Not sure? You're not alone. A recent study found that 81% of Americans don't know how much money they will need in retirement.⁴ Savings Plus makes finding the answer easy. When you log on to your account, the Retirement Readiness meter provides a visual indicator of your progress.

You can make the meter and your Report more accurate by using My Interactive Retirement PlannerSM, a tool that helps you see how your financial decisions, assets, and planning may affect your long-term future. Just follow the easy steps as you use the Planner. Within a few minutes, you'll have answers that can help you decide what you can do to improve your retirement readiness.

Last year more than 35,000 Savings Plus participants increased their contribution amount to help them improve their retirement readiness. Join them.

Answer your retirement readiness questions.

- Log in to your account at savingsplusnow.com
- Select My Interactive Retirement Planner
- Produce your personalized *Retirement Readiness Report*
- Consider increasing your contribution amount
- Let Auto Increase and Percentage of Pay make increasing contributions automatic



New to Savings Plus? Welcome!

Savings Plus is a complementary plan to your CalPERS pension and is a valuable state benefit offered by California Department of Human Resources (CalHR). Your enrollment in Savings Plus is one way you can take control of your financial future. We encourage you to make the most of your participation by using the many tools and resources developed to guide you on your path to retirement.

If you have questions or need assistance, visit savingsplusnow.com where you'll find a wealth of resources, or call (855) 616-4776.



Are you contributing the max?

The IRS increased contribution limits for 2018.⁵

	Maximum Contribution Limit	Contribution Limit with Age-based Catch-Up Limit ⁶	Contribution Limit with Traditional 457 Catch-Up Limit ⁶
457(b) Plan	\$18,500	\$24,500	\$37,000
401(k) Plan	\$18,500	\$24,500	N/A
Total	\$37,000	\$49,000	\$61,500

⁴ Finances in Retirement: New Challenges, New Solutions, Age Wave/Merrill Lynch (2017)

⁵ IRS Announces 2018 Pension Plan Limitations - IR-2017-177, Oct. 19, 2017

⁶ You are not permitted to make Age-based contributions to your 457(b) Plan and participate in Traditional Catch-Up in your 457(b) Plan in the same year. If you're approaching or are in the three years before the calendar year of your Normal Retirement Age, we urge you to contact a Savings Plus representative to discuss your pre- and in-retirement options through Savings Plus. Call (855) 616-4776 Monday through Friday, 5 a.m. to 8 p.m. (PT).



You heard it here. A lot is happening at Savings Plus. Take a quick look at these reminders and announcements.

1099-R forms will be mailed by January 31, 2018.

If you received a distribution from your Plan account in 2017, Nationwide will mail your IRS Form 1099-R by January 31, 2018. If you are enrolled in Paperless Delivery, you'll receive an email when it is available.

Changes to the Excessive Trading Policy, effective January 2, 2018.

Excessive trading (also known as market timing) is the practice of buying and selling investments frequently in an attempt to capitalize on short-term movements or pricing disparities in the market. This practice increases fund expenses, which results in higher fees and adversely affects fund performance for all participants invested in the fund.

Designed to protect our participants from the potential negative impacts of market timing, our excessive trading policy imposes a redemption fee on the sale of assets in certain investment funds if the sale occurs within 30 calendar days of purchase.

The new excessive trading policy now includes all Target Date Funds in addition to the International Fund and the International Index Fund. Additionally, the redemption fee decreased from 2.5 percent to 2.0 percent. Fee proceeds flow back into the unit value of the affected funds to compensate for the increased costs resulting from the frequent trading activity.

For more information on these and other Savings Plus topics of interest, visit savingsplusnow.com.

Changes to the Target Date Fund line-up are coming.

In April 2018, Target Date Fund-2015 will merge into the Target Date Fund-Income. Additionally, a new Target Date Fund-2065 will be added in April 2018 to provide a Target Date Fund for participants planning to begin distributions during that time frame. Stay tuned to savingsplusnow.com for more information.



Join us at these CalPERS education events.

Our representatives will present information on enrollment, asset allocation, and the investment options available to you. For more information or to register for an event, go to

calpers.ca.gov/benefitseducationevents.

Feb 2 & 3: Sacramento Convention Center, 1400 J St, Sacramento, CA 95814

Mar 2 & 3: Visalia Convention Center, 303 E Acequia Ave, Visalia, CA 93291

Mar 23 & 24: Red Lion Hotel, 1830 Hilltop Dr, Redding CA 96002



Learn More About Budgeting, Finances and Saving.

Our educational workshops are free, and can help you understand how to meet your financial needs. For a complete list of available classes and locations, please visit savingsplusnow.com and click the *Savings Plus Events* link at the bottom of the page.



Visit savingsplusnow.com often.

We continually update our website so that you can find what you need quickly. You will find pages to help you get to know our Savings Plus Retirement Specialists better, and to schedule a presentation at your work site. Stay up-to-date. Make savingsplusnow.com a part of your browsing habit.

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savingsplusnow.com
(855) 616-4776
(800) 848-0833 (TTY)

Customer Service

Representatives are available
5:00 a.m. to 8:00 p.m.
Monday-Friday

Walk-in Service Center

1810 16th Street, Room 108
Sacramento, CA 95811

*Enter on 16th Street, between R
and S streets*

Open 8:00 a.m. to 5:00 p.m.
Monday-Friday, excluding
state holidays



Investing involves market risk, including possible loss of principal. Actual investment results will vary depending on your investment and market experience, and there is no guarantee that fund objectives will be met.

Savings Plus representatives are Registered Representatives of Nationwide Investment Services Corporation (NISC), member FINRA. Neither Nationwide nor its Savings Plus representatives can offer investment, tax or legal advice. Consult your counsel before making retirement plan decisions.

Target Date Funds invest in a wide variety of underlying investment options to help reduce investment risk. Their expense ratio represents a weighted average of the expense ratios and any fees charged by the underlying investment options in which the Funds invest. The Funds do not charge any expense or fees of their own. Like other funds, target date funds are subject to market risk and loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement or that asset allocation, diversification or any investment strategy will assure a profit or avoid losses.